

U. S. DEPARTMENT OF AGRICULTURE

ANN: The marketing of America's food is of direct concern to everyone --- farmer, distributor, and consumer. Today Station _____ presents another in a series of broadcasts designed to tell farm and city people more about the latest developments in the field of agricultural marketing....The extent of our food shipments to foreign countries in carrying out our government's foreign policy and the problem of holding down food prices at home are matters to which all Americans are giving a great deal of thought these days. In order to help our farm and city listeners gain a clearer picture of how our foreign export programs and domestic farm price support program affect the supply and prices of food in this country we've invited to our studio today _____, of the _____ office of the Production and Marketing Administration.....Do you think you'll be able to give us the whole story on that, _____.

PMA: That's a pretty tall order, _____. The whole question of how much food and other essential commodities we are going to be able to send for relief to foreign countries is being considered by Congress in a special session. And the place of Government price support programs in future food production and distribution programs is now being considered by the Congressional agricultural committees.

ANN: Well, _____, in making our future export and price support plans it would help some if we could see what effect these programs have had on the present food supply and price situation. Let's take a look first of all at our foreign exports. Just how much basis is there for the opinion frequently heard that foreign relief and exports are creating food shortages in this country.

PMA: Not very much, I'm afraid. It's true, of course, that our food exports have been setting new records. In the fiscal year which ended on June 30 we had shipped over 19 million long tons of food overseas.

ANN: That's a lot of food. I imagine that those shipments accounted for a large part of our total food production.

PMA: Comparatively speaking they did, ---- almost $13\frac{1}{2}$ percent, as a matter of fact. But don't forget that total food production was also at a record level last year. Even with these exports the average American citizen consumed 18 percent more food than he did before the war. Full employment has enabled many people who couldn't afford an adequate diet a few years ago to eat more and better food than ever before

ANN: And that has brought our average consumption up, is that it?

PMA: Exactly. Look at these figures, for example. Despite the fact that in the 1946-47 year we shipped abroad almost 2 million tons of food more than in the previous year, the average per capita consumption of food rose.

ANN: That's certainly a tribute to last year's record breaking food production.

PMA: It certainly is. Before the war the average American citizen ate only about 126 pounds of meat. During the past year average consumption was up to 155 pounds. That's only one food. In addition to meat we've been eating more of the important body-building foods like dairy products, eggs, and fruits and vegetables. We ate less of some foods like cereal products, fats and oils, and potatoes/ ^{than we did} before the war.

ANN: That situation is likely to be changed though, because of the unfavorable crop conditions we've been hearing about.

PMA: I wouldn't jump to any conclusions about that, _____. Of course, I have no idea how much food we will have to ship abroad under any plan which Congress might adopt for the economic recovery of foreign countries. But don't forget that these unfavorable crop conditions which you talk about have had their most serious effects on the corn crop and prospective feed supply. Naturally that will also affect our total food supply. But in spite of these bad breaks, food production this year is still expected to come fairly close to the average of the past five years --- and those were the best five years in our history.

ANN: Well, _____, these facts seem to scotch the idea that our food exports have cut down the amount of food that we eat. But they have undoubtedly had their effect on prices.

PMA: Yes, I think that most authorities will agree that one of the major reasons for high food prices today is the unprecedented demand. Although much of this demand has been created by the high levels of consumer income and employment in this country, export purchases have certainly created additional demand for certain commodities.

ANN: Let's turn now to the question of price support programs. Where do they fit into the picture of our food supply and food prices? How much truth is there in the idea that Government price support programs are keeping prices up?

PMA: Well, I'll let you answer that one for yourself, _____. Take a look at this list of farm products which are eligible for price support.

ANN: Seems to cover just about every agricultural commodity. Must be about 150 of them.

PMA: That's right. And as you know they are divided into basic crops like corn, cotton, wheat, rice, tobacco, and peanuts for nuts. For these support must be granted at 90% of parity.....

ANN:And then there are the Steagall crops of which we needed high production during the war. These also must be supported at 90 percent of parity.

PMA: There are fourteen of these. For the other 140 or so commodities price support programs may be set up if the Secretary of Agriculture decides they are needed. Now take a look at the second column on that paper. That shows the actual prices for major farm products on October 15. How many foods do you find are below the support level?

ANN: There aren't very many of them, that's a fact.

PMA: No, and there haven't been very many of them all during the past year. You see, under the law as it stands today, support schedules must be announced for all basic and Steagall commodities until the end of next year at 90 percent of parity. But the Department of Agriculture doesn't actually buy any of these items until the price falls below the support level.

ANN: Well, how about all these vast quantities of eggs, potatoes, and sweetpotatoes we read so much about?

PMA: Those items, together with some turkeys and dried fruit, are about the only foods the Department has had to buy in large quantity under the law so far this year. The eggs and turkeys were bought during the first part of the year, during the season of flush production, when prices of these items did fall below the support level. Most of the potatoes were bought from the early, highly perishable crop. And some potatoes and sweetpotatoes have been bought recently during the heavy fall harvest season.

ANN: Well, haven't these purchases helped to raise prices?

PMA: To a certain extent, of course. They served to hold farm prices near the parity level. And don't forget one aspect of this question of price supports. Our last several crops have totaled about one-third larger than the crops we raised before the war. One of the reasons for this sustained high level has been assurance of a stable market... that means price supports.

ANN: You mean that farmers have pushed production up and held it there year after year because they knew the Government stood ready to protect their prices in case of surpluses?

PMA: That's right. And we'll never know just how high prices might have gone on some foods in the face of the present demand if farmers had been afraid to go all-out because of a fear that prices would collapse the way they did after the last war. Farmers remember how farm income dropped from 164 percent ^{of} parity in 1918 to 60 percent in 1921.

ANN: Then this price support program should encourage farmers to keep up high output next year too.

PMA: Yes, I believe it will. Farming is a business, and farmers are no more likely than any other businessmen to risk labor and capital without some assurance that they will be able to sell their output at a fair price. The more secure farmers feel, the more they will produce..... and the more they produce, the easier it will be to meet both our export commitments and the demands for food here at home.....

(USE FOLLOWING CLOSE IF PART I IS USED AS A SEPARATE SCRIPT)

ANN: Well thank you, _____, of the Production and Marketing Administration for straightening us out on some aspects of our foreign export and price support programs.....Friends you have been listening to a public service broadcast of Station _____, brought to you with the cooperation of the United States Department of Agriculture.

PART II ----- HOW THE COMMODITY CREDIT CORPORATION OPERATES (7½ minutes)

(USE FOLLOWING INTRODUCTION IF PART II IS USED AS A SEPARATE SCRIPT)

ANN: The marketing of America's food is of direct concern to everyone --- farmer, distributor, and consumer. Today Station _____ presents another in a series of broadcasts designed to tell farm and city people more about the latest developments in the field of agricultural marketing..... Our guest today is _____, of the _____ office of the Production and Marketing Administration.....

ANN: Most people are familiar with the general theory behind our farm price support program. We know that the Commodity Credit Corporation plays a major role in carrying out this program, but most of us are somewhat hazy about the operation of this agency. Could you help straighten us out about that, _____?

PMA: I'll try to, _____. Actually, price support is only one of the six major activities of the Commodity Credit Corporation --- or CCC if you want to call it by its nickname. All its work is aimed at stabilizing the production and marketing of American farm products.

ANN: Let's see, the Corporation has been in business about fifteen years, hasn't it?

PMA: Just about. It was set up in 1933 in the midst of the depression. I'm sure I don't have to remind you about the condition of our agricultural industry in those days.

ANN: I hardly think anyone will soon forget those conditions. Thousands of farmers saw their mortgages foreclosed and the labor of a lifetime destroyed.

PMA: Yes, and in the midst of hunger and want our storage facilities were jammed with food that couldn't be sold. Tons and tons of other food that couldn't be stored just rotted on the ground. So Congress set up a corporation with Government funds to attempt to bring some order out of this marketing chaos -- in a way that wouldn't be possible through commercial organizations.

- ANN: Since the CCC is a corporation, I guess it must have a Board of Directors. Who's on that Board, _____?
- PMA: Well, the chairman of the Board is the Secretary of Agriculture. And the other members include the Under Secretary of Agriculture, ^{the Assistant Secretary of Agriculture} and six of the policy-making officials in the Production and Marketing Administration. The corporation's officers are also officials of PMA.
- ANN: Jesse B. Gilmer, the administrator of the Production and Marketing Administration is also the president of the CCC, I believe.
- PMA: Right. You see most of the program activities of the CCC --- like price support, for example --- are carried out through the Production and Marketing Administration.
- ANN: Just how does that work out in practice?
- PMA: Well the charter of the corporation authorizes it to borrow money on the credit of the United States. With this money it can engage in buying, selling, lending, and other activities connected with the marketing of farm products...
- ANN: ...All with the idea of helping to keep agricultural production and marketing on a stable basis.
- PMA: Exactly. The various programs carried on by the CCC are planned and developed by the appropriate branches of the Production and Marketing Administration. If the CCC approves these programs then they are generally administered by PMA...using CCC funds.

ANN: How does this procedure work out in the case of price support, to take an example that's familiar to most of our listeners?

PMA: Well, as you know, the present law says that the Secretary of Agriculture must support the price of twenty agricultural commodities whenever they fall below a certain level --- usually 90 percent of parity. He may support the price of other crops at his discretion. During the appropriate production or marketing season the PMA publishes a schedule of prices at which it will support any particular crop if prices should fall below that level.

ANN: But by publishing the schedule for a commodity it doesn't necessarily follow that the Government will have to buy that commodity, does it?

PMA: By no means. Take wheat, for example. At the end of June the Department announced that the wheat support price would be at a national average of \$1.53 a bushel. Well, I don't have to tell you that wheat has been selling recently for a lot more than that. So it stands to reason that most farmers aren't going to sell their wheat to the Government at the support price. On the other hand the CCC also provides for loans on this wheat crop. That allows farmers to borrow money on their crop before they sell it.

- ANN: Sometimes, though, the CCC has to buy large quantities of some crops when prices fall below the support level.
- I know that earlier in the year they had to buy eggs and turkeys, and, more recently, potatoes, sweetpotatoes, and dried fruit. What does the CCC do with these stocks which it acquires?
- PMA: Well some of them are used in government export programs, or consigned to the Army for occupation needs, or used in school lunch programs, and so on. But the CCC may also sell these stocks on the domestic market under certain conditions.
- ANN: I didn't know that.
- PMA: Just recently the Department announced that CCC stocks of frozen eggs which were bought during the season of flush production earlier this year would be sold on the domestic market to help relieve the present shortage of storage eggs. And during the summer some of the frozen turkeys which had been bought under price support were also offered to the domestic trade. CCC stocks may also be sold for export, as you know.
- ANN: That brings us to the other operations of the CCC which you mentioned earlier. What are they, _____?
- PMA: Right now and during the war years the supply program was one of the most important functions of the CCC. You can imagine the chaos to our marketing system if the Army and Navy, foreign governments, UNRRA, American Red Cross, and similar agencies had gone into the market and bid against each other for all their needs.

ANN: So the CCC acted as a sort of purchasing agent for all of them?

PMA: That's right. It enabled us to centralize the purchasing activities for farm products and in that way save everyone concerned a great deal of time and money. And, of course, it has been one of the principal reasons why the United States has been so successful in meeting its goals for foreign export. One of the very interesting things about the supply program of the CCC is that it is often able to coordinate the price support program with these supply purchases.

ANN: How so, _____?

PMA: Well take eggs, for example. Earlier this year Great Britain wanted large quantities of dried eggs for use in her food rationing program. At the same time the price of eggs on the farm was threatening to tumble below the support level during the flush production season --- particularly in the Midwest. The CCC was able to buy millions of dozens of eggs from American poultry raisers, meeting the British needs and, for a time, eliminating the necessity of direct price support purchases of eggs.

ANN: Didn't the CCC during the war also procure certain scarce foods abroad to meet shortages in this country?

PMA: That's right. Foods like sugar, fats and oils, and rice, which were needed here or in Allied countries were bought with CCC funds and administrative machinery. And in the opposite direction CCC's Commodity **Export** Program helps find a market for many American farm products in foreign countries.

ANN: I know that subsidy programs are no longer in effect, but these were also run by the Commodity Credit Corporation during the war, weren't they?

PMA: That's right. During the emergency period, when producers of some basic foods were squeezed between price ceilings and increasing production costs, the CCC stepped in and paid subsidies to keep production at a high level. That guaranteed producers a fair return and at the same time helped hold retail and wholesale prices within the ceiling.

ANN: Does that about cover the operations of the CCC?

PMA: Just about, _____. It's only other major activity is the provision of loans to the Secretary of Agriculture. This enables the Secretary to have money available for Federal Crop Insurance Program premium advances, or for advances to soil conservation associations. Of course, these funds are paid back to CCC from later Congressional appropriations for these activities.

ANN: From what you've said, _____ I think we can see that the activities of the Commodity Credit Corporation touch every farm family in the United States. From an overall point of view it's gone a long way since 1933 in the direction of stabilizing American farm production and marketing.....Thanks very much for being with us today... Ladies and gentlemen, our guest on this public service broadcast of Station _____ was _____, of the Production and Marketing Administration.

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